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- [1](#)H. 05 SEOUL 529
- [1](#)I. 05 SEOUL 4819
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#### SUMMARY AND INTRODUCTION

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[1](#)1. (SBU) Upcoming U.S.-ROK FTA negotiations will include a close USG look at Korea's labor-management relations, a tumultuous sector charged with decades of conflict. This is the first of three cables that will draw a contemporary portrait of industrial relations in the ROK. This cable describes the main players that shape the labor debate: the Ministry of Labor (MOL), the Korean Tripartite Commission (KTC), the Democratic Labor Party (DLP), the major union federations, and the major employer groups. The second cable, "Labor Snapshot: The Issues," will provide background on the two most controversial issues in labor today, the government's "irregular" worker legislation and its labor reform "roadmap." A final report, "Labor Snapshot: Meeting the Standards," will analyze Korean law for compliance with the core labor standards set forth in the Trade Promotion Authority Act. END SUMMARY.

#### MINISTRY OF LABOR

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[1](#)2. (SBU) Pushing reforms that pleased neither labor nor management, the MOL has been an embattled ministry over the past year. The head of the ROK's largest labor federation recently admitted that labor-government relations "are at their worst since the establishment of the country." Under Labor Minister Kim Dae-hwan, who stepped down on February 10, the linchpin of the Ministry's effort to promote a flexible labor market while protecting worker rights was a bill addressing contract, short-term, temporary and other "irregular" workers. As will be discussed septel, organized labor raised strong objections to the bill and vilified

Minister Kim and the MOL for promoting it. Labor groups repeatedly called for Kim's ouster.

13. (SBU) Organized labor groups have also criticized the MOL for being too pro-business. Indeed, the Ministry under Kim Dae-hwan has been intolerant of illegal or unreasonable strikes. For example, in August 2005, Minister Kim invoked emergency mediation to end a 25-day Asiana Airlines pilots strike (Ref A). According to the Trade Unions and Labor Relations Adjustment Act (TULRAA), the Minister of Labor may invoke emergency adjustment for a labor dispute where industrial actions relate to a public service, are conducted on a large scale, pose an explicit threat to the national economy, or are highly likely to jeopardize people's daily life. Once emergency mediation was invoked, the union had to proceed to mediation and return to work. This action drew the unions' ire as it was only the third time in the ROK's history that the MOL had used its emergency mediation authority. Kim then invoked it again, for the fourth time, in December 2005 to end a four-day Korea Airlines pilots strike (Ref B). In both instances, Kim said that the pilots' strikes caused a very negative impact on Koreans' daily lives, as well as the national economy. Organized labor's call for Kim's ouster grew even louder.

14. (SBU) Kim resigned in February 2006 as part of a cabinet reshuffle and was replaced by Lee Sang-soo (Ref C). Lee is a labor lawyer and former Uri Party lawmaker. He appears so far to have a reasonably cordial relationship with organized labor. Lee said upon his appointment that he would "strive to resume talks with unions. I plan to visit the two leading labor federations soon and have heart-to-heart conversations with them." Lee, however, has been hounded by questions regarding his fitness for office. He had been arrested and jailed for one year in connection with illegal political donations he solicited as manager of President Roh's 2002 presidential campaign. Meanwhile, prosecutors have opened a new investigation into false statements Lee allegedly made during a 2005 by-election campaign.

#### KOREAN TRIPARTITE COMMISSION

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15. (SBU) The Korean Tripartite Commission (KTC) was formally established in 1999 as both a Presidential advisory body and a forum for social dialogue on labor-management issues. Its primary objectives are to provide a forum for consultation, dialogue and compromise among the tripartite actors; to support socio-economic development by establishing healthy industrial relations based on social integration; and to realize participatory democracy by encouraging cooperation among labor, management and government. To date, it has been credited with developing social consensus on a range of issues, such as legalization of teachers' unions, enhancing the social security system, shortening the workweek, and legalizing the public servants' union.

16. (SBU) The KTC, however, has been hobbled by the failure of organized labor to participate fully (Ref D). The Korean Confederation of Trade Unions (KCTU), the more militant of Korea's two main labor federations, has refused to engage since 1999. Though the more moderate Federation of Korean Trade Unions (FKTU) has participated in KTC proceedings, the FKTU does not represent the progressive core of the labor movement. Moreover, the FKTU between July 2005 and January 2006 joined the KCTU boycott of the KTC over accusations that the government was unresponsive to labor sentiment (Ref E).

17. (SBU) Perhaps recognizing the limits of the KTC, President Roh in October 2005 suggested the creation of a "Joint Conference for Unity of the People," which would convene with the participation of "representatives of economy, labor, civil social organizations, religion, farmers, women, specialists and political parties" to deal with economic and social issues, including labor-management relations (Ref F). This idea is being developed in the Prime Minister's Office and, if realized, may subsume the functions of the KTC.

## TRADE UNIONS

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¶18. (SBU) Korea's unionization rate is relatively low and getting lower. According to December 2005 government figures, which were based on 2004 data, the trade union organization rate was 10.6 percent. Union membership has been in steady decline since its 1989 peak of 19.8 percent. The number of unions in 2004 also decreased from 2003 by 240 to 6,107, and the number of union members decreased by 13,106 to 1,537,000. But this has not meant that Korea's unions have become more docile. In general, Korean labor groups have been quick to escalate disputes and commonly resorted to work slowdowns, abuse of leave and disruption of business by holding rallies, wearing casual clothes, displaying protest signs at the workplace, or engaging in sit-in strikes. In 2005, a total of 228 strikes occurred between January and August, with 105,577 participating workers. While these strikes resulted in 434,199 lost workdays, this represented only 43 percent of the previous year, which registered 1,010,149 days lost during the same period. But despite this trend of relatively shorter strikes, both the public and the government have become much less tolerant of strikes by the "union aristocracy," who, relative to the rest of the workforce, earn higher wages and enjoy better benefits and job security.

¶19. (SBU) The FKTU and the KCTU are Korea's two major labor federations. The government recognizes a range of other labor federations, including independent white-collar federations representing hospital workers, journalists, and office workers at construction firms and at government research institutes. Labor federations not formally recognized by the labor ministry have also generally operated without government interference.

¶110. (SBU) FKTU: The FKTU boasts 780,000 members and is considered to be relatively moderate. It is comprised mainly of unions at small and medium sized enterprises. The government helped establish FKTU in 1946 as the Korean Labor Federation for Independence Promotion (KLFIP) with the purpose of opposing pro-communist worker organizations. In 1960, the KLFIP became the FKTU and was the only legally-recognized union organization in the ROK, a status that it enjoyed through the 1990s. Among progressive labor circles, the FKTU still carries a stigma for cooperating with the ROK's pre-democratization military regimes. Although it tended to work through political dialogue and compromise, the FKTU took a more aggressive stance in June 2005 after a cement truck struck and killed an FKTU regional leader during a demonstration. The FKTU blamed the government for the incident because the union representative placed himself in harm's way because of his opposition to the government's irregular worker legislation.

¶111. (SBU) Over the past year, corruption scandals have plagued the FKTU (Ref G). In May 2005, prosecutors indicted the former FKTU President Lee Nam-soon for accepting about USD 200,000 in kickbacks associated with the construction of a union welfare center. Prosecutors indicted the FKTU Secretary-General on a related charge. Although the FKTU

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launched a number of reform measures designed to increase union accountability and transparency, these scandals have shaken the public's confidence in the organization.

¶112. (SBU) KCTU: With the recent addition of the 140,000-member strong Korean Government Employees' Union, KCTU membership rolls approach 800,000. Most KCTU members are workers at large enterprises. Boasting roots in the ROK's democracy movement, the KCTU has been the more militant of the two major labor federations and accounts for over 80 percent of all strikes. After democratization, the ROK experienced a rapid increase in the number of unions, many forming in reaction to the "collaborationist" tendencies of the FKTU. In the early 1990s, the National Council of Trade

Unions, the Congress of Industrial Unions, and the Large Plant Union Organization merged into the National Council of Trade Union Delegates, which in 1995 became the KCTU. It became a legally-recognized trade organization in 1998.

¶13. (SBU) Like the FKTU, the KCTU has also been plagued by corruption scandals. In January 2005, prosecutors charged KCTU leaders of a Kia Motor Corp. union with taking bribes from job applicants in exchange for employment (Ref H). In February, prosecutors arrested the former head of the KCTU Kookmin Bank union on embezzlement charges. In May, prosecutors arrested leaders of the Hyundai Motor union, KCTU's biggest member organization, on similar charges. In October, KCTU Chairman Lee Soo-ho and the entire KCTU leadership stepped down following allegations that the Vice President had accepted about USD 80,000 in bribes from taxi driver unions (Ref I).

¶14. (SBU) The departure of the relatively moderate Chairman Lee left a leadership vacuum at the KCTU, with several factions vying for control. A February 10 convention to elect a new chairman broke up without a vote. Although another meeting is scheduled for February 21, insiders believe that hardliners, led by Lee Jung-hoon, may block a vote in that meeting in an effort to prevent the election of more conciliatory leaders.

#### DEMOCRATIC LABOR PARTY

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¶15. (SBU) In January 2000, labor activists affiliated with the KCTU formed the Democratic Labor Party (DLP). The new party, which built on an earlier affiliation of labor politicians called Peoples' Victory 21, fielded 21 candidates in the April 2000 National Assembly general elections, but failed to win any seats. In the 2004 general elections, however, the DLP won 13.1 percent of the vote and 10 seats in the 299-seat National Assembly. This was the first time that any labor party has won representation in the Assembly. Today, the DLP claims about 61,000 members and holds nine Assembly seats (one member had to give up his seat in 2005 due to election law violations).

¶16. (SBU) The DLP has achieved mixed reviews on its performance in the Assembly. While it has been successful in passing a bill granting further rights of public access to the disabled, it has achieved more notoriety for its obstructionist tactics in blocking legislation. In particular, the DLP on several occasions prevented discussion of the government's labor reform legislation by physically blockading the National Assembly meeting room. The DLP has also been tainted by the KCTU corruption scandals. Many believe the scandals were a main reason for the DLP's October 2005 by-election defeat in Ulsan, despite the region's strong union presence (Ref J). On February 10, the DLP elected Moon Sung-hyun, the former head of the Korean Metalworkers Federation, as its president.

#### EMPLOYER ORGANIZATIONS

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¶17. (SBU) There are five major employers' organizations in the ROK: the umbrella Korean Employers Federation (KEF); the Federation of Korean Industries (FKI), which traditionally represents Korea's largest conglomerates (the "chaebol"); the larger Korea Chamber of Commerce & Industry (KCCI), an omnibus organization historically espousing the views of small and medium-sized, as well as larger Korean firms; the Korea International Trade & Industry Association (KITA), a trade promotion agency; and the Korea Federation of Small and Medium Business (KFSB).

¶18. (SBU) Together, the five groups make up the Council of Korea Employers' Organizations (CKEO). The KEF serves as the CKEO secretariat and is responsible for coordinating the opinions of the member organizations. These employers' organizations generally do not participate in collective bargaining. Instead, they tend to influence the more

working-level Korean government policy-making agenda and also represent management views in Tripartite Commission and National Labor Relations Board discussions.

VERSHBOW